

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2008**

	September-08				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Quarter	Net ROR	Fiscal YTD	FY08	Ended	Ended
		Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2008	6/30/2008
LARGE CAP DOMESTIC EQUITY								
Structured Growth								
LA Capital	66,939,265	4.0%	4.2%	-13.15%	-13.15%	-6.96%	8.22%	N/A
Total Structured Growth	66,939,265	4.0%	4.2%	-13.15%	-13.15%	-6.96%	8.22%	10.32%
Russell 1000 Growth				-12.33%	-12.33%	-5.96%	5.91%	7.32%
Structured Value								
LSV	63,654,080	3.8%	4.2%	-6.27%	-6.27%	-22.29%	3.56%	11.19%
Russell 1000 Value				-6.11%	-6.11%	-18.78%	3.53%	8.92%
Enhanced Russell 1000 Index								
LA Capital	56,725,035	3.4%	3.5%	-9.44%	-9.44%	-10.70%	6.55%	9.03%
Russell 1000				-9.35%	-9.35%	-12.36%	4.81%	8.22%
Enhanced S&P 500 Index								
Northern Trust	26,800,210	1.6%	1.8%	-6.80%	-6.80%	-15.84%	3.14%	6.72%
Westridge	59,182,541	3.6%	3.9%	-8.06%	-8.06%	-12.25%	4.94%	8.02%
Wells Capital	38,621,312	2.3%	2.7%	-24.53%	-24.53%	-31.59%	N/A	N/A
European Credit Management	24,688,194	1.5%	1.8%	-21.07%	-21.07%	N/A	N/A	N/A
Prudential	26,555,120	1.6%	1.9%	-25.46%	-25.46%	N/A	N/A	N/A
Franklin	26,647,727	1.6%	1.8%	-12.12%	-12.12%	-13.65%	N/A	N/A
Total Enhanced S&P 500 Index	202,495,105	12.2%	13.9%	-16.16%	-16.16%	-18.66%	2.40%	6.45%
S&P 500				-8.37%	-8.37%	-13.12%	4.41%	7.58%
Absolute Return Strategy								
Epoch	29,375,260	1.8%	2.1%	-12.66%	-12.66%	-6.84%	N/A	N/A
S&P 500				-8.37%	-8.37%	-13.12%		
S&P 500 Index								
State Street	31,790,239	1.9%	2.1%	-11.64%	-11.64%	-18.23%	2.99%	6.70%
S&P 500				-8.37%	-8.37%	-13.12%	4.41%	7.58%
TOTAL LARGE CAP DOMESTIC EQUITY	450,978,983	27.2%	30.0%	-13.07%	-13.07%	-16.11%	4.22%	8.17%
S&P 500				-8.37%	-8.37%	-13.12%	4.41%	7.58%
SMALL CAP DOMESTIC EQUITY								
Manager-of-Managers								
SEI	114,077,281	6.9%	7.2%	-1.30%	-1.30%	-22.41%	1.06%	8.52%
Russell 2000 + 200bp				-0.61%	-0.61%	-14.48%	5.88%	12.50%
Callan	45,222,046	2.7%	2.8%	-7.13%	-7.13%	-15.44%	N/A	N/A
Russell 2000				-1.11%	-1.11%	-16.19%		
TOTAL SMALL CAP DOMESTIC EQUITY	159,299,327	9.6%	10.0%	-2.98%	-2.98%	-20.36%	2.11%	9.20%
Russell 2000				-1.11%	-1.11%	-16.19%	3.79%	10.29%
INTERNATIONAL EQUITY								
Large Cap - Core								
State Street	14,446,901	0.9%	1.0%	-21.95%	-21.95%	-13.11%	12.40%	14.27%
MSCI EAFE (1)				-20.56%	-20.56%	-10.61%	12.84%	14.86%
Large Cap - Active								
Capital Guardian	46,491,452	2.8%	3.0%	-18.64%	-18.64%	-13.89%	11.58%	14.15%
LSV	44,021,259	2.7%	3.0%	-17.25%	-17.25%	-23.98%	8.07%	N/A
Total Large Cap - Active	90,512,710	5.5%	7.0%	-17.97%	-17.97%	-20.05%	9.04%	13.03%
MSCI EAFE - 50% Hedged				-16.79%	-16.79%	-15.14%	10.93%	14.67%
Small Cap - Active								
DFA	14,350,550	0.9%	1.0%	-20.80%	-20.80%	N/A	N/A	N/A
Wellington	13,857,055	0.8%	1.0%	-25.78%	-25.78%	-15.19%	9.83%	16.11%
Total Small Cap - Active	28,207,605	1.7%	2.0%	-23.33%	-23.33%	-15.60%	9.53%	16.89%
S&P/Citigroup BMI EPAC < \$2BN				-23.50%	-23.50%	-19.12%	10.36%	19.26%
TOTAL INTERNATIONAL EQUITY	133,167,216	8.0%	10.0%	-19.61%	-19.61%	-18.47%	9.51%	13.93%
MSCI EAFE - 50% Hedged				-16.79%	-16.79%	-15.14%	10.93%	14.67%
EMERGING MARKETS EQUITY								
Core								
JP Morgan	11,084,587	0.7%	0.9%	-22.87%	-22.87%	3.57%	N/A	N/A
PanAgora	10,740,279	0.6%	0.9%	-27.52%	-27.52%	7.21%	N/A	N/A
WestLB	11,022,114	0.7%	0.9%	-28.00%	-28.00%	11.12%	N/A	N/A
UBS	14,609,828	0.9%	0.9%	-27.00%	-27.00%	5.82%	N/A	N/A
Total Core	47,456,808	2.9%	3.5%	-26.44%	-26.44%	6.87%	27.76%	29.00%
MSCI Emerging Markets				-26.86%	-26.86%	4.89%	27.52%	22.84%
Small Cap								
DFA	11,224,496	0.7%	1.0%	-24.25%	-24.25%	-13.68%	N/A	N/A
MSCI Emerging Markets				-26.86%	-26.86%	4.89%		
Private Equity								
Capital International	6,462,403	0.4%	0.4%	6.52%	6.52%	N/A	N/A	N/A
MSCI Emerging Markets				-26.86%	-26.86%			
Infrastructure								
JP Morgan	3,193,891	0.2%	0.2%	N/A	N/A	N/A	N/A	N/A
TOTAL EMERGING MARKETS EQUITY	68,337,597	4.1%	5.0%	-23.25%	-23.25%	2.99%	27.07%	28.58%
MSCI Emerging Markets				-26.86%	-26.86%	4.89%	27.52%	30.15%

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2008**

	September-08				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Quarter	Net ROR	Fiscal YTD	FY08	Ended	Ended
		Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2008	6/30/2008
DOMESTIC FIXED INCOME								
Core Bond								
Western Asset	32,733,054	2.0%	1.7%	-6.30%	-6.30%	-0.30%	1.78%	2.90%
<i>Lehman Aggregate</i>				-0.49%	-0.49%	7.12%	4.09%	3.86%
Index								
Bank of ND	49,350,020	3.0%	2.5%	-1.64%	-1.64%	7.70%	3.93%	3.57%
Total Index	49,350,020	3.0%	2.5%	-1.64%	-1.64%	7.70%	4.17%	3.91%
<i>Lehman Gov/Credit</i>				-1.64%	-1.64%	7.24%	3.84%	3.58%
Enhanced								
Westridge	32,838,020	2.0%	1.6%	2.75%	2.75%	N/A	N/A	N/A
<i>Lehman Aggregate</i>				-0.49%	-0.49%			
Convertibles								
Calamos (2)	32,656,883	2.0%	1.7%	-11.09%	-11.09%	-2.86%	N/A	N/A
Total Convertibles	32,656,883	2.0%	1.7%	-11.09%	-11.09%	-2.86%	4.55%	2.71%
<i>Merrill Lynch All Convertibles (3)</i>				-17.56%	-17.56%	-6.36%	5.72%	6.36%
BBB Average Quality								
Wells Capital	35,767,011	2.2%	1.7%	-3.78%	-3.78%	3.70%	3.26%	4.56%
<i>Lehman BBB</i>				-4.85%	-4.85%	2.62%	2.52%	3.44%
Senior Debt								
PIMCO	11,973,029	0.7%	0.7%	N/A	N/A	N/A	N/A	N/A
<i>Lehman Aggregate</i>				-0.49%	-0.49%	7.12%		
Private Debt								
Prudential	34,577,935	2.1%	1.7%	-1.79%	-1.79%	3.32%	3.41%	N/A
<i>Lehman Aggregate</i>				-0.49%	-0.49%	7.12%		
Timberland								
TIR - Teredo (4)	44,039,634	2.7%	2.7%	-0.14%	-0.14%	22.02%	15.15%	14.07%
TIR - Springbank	96,873,276	5.9%	5.9%	-0.43%	-0.43%	15.25%	18.41%	N/A
Total Timberland	140,912,910	8.5%	8.5%	-0.34%	-0.34%	17.50%	17.86%	21.14%
<i>NCREIF Timberland Index</i>				1.01%	1.01%	19.96%	17.12%	14.70%
Infrastructure								
JP Morgan	70,378,493	4.3%	4.3%	3.31%	3.31%	13.28%	N/A	N/A
TOTAL DOMESTIC FIXED INCOME	441,187,356	26.6%	24.0%	-1.50%	-1.50%	9.02%	8.15%	9.65%
<i>Lehman Aggregate</i>				-0.49%	-0.49%	7.12%	4.09%	3.86%
HIGH YIELD BONDS								
Core								
Loomis Sayles	37,529,765	2.3%	1.9%	-12.73%	-12.73%	-1.43%	5.39%	N/A
Sutter/Wells Capital	37,300,877	2.3%	1.9%	-6.97%	-6.97%	-6.12%	2.58%	N/A
Total Core	74,830,642	4.5%	3.8%	-10.04%	-10.04%	-3.71%	4.01%	4.88%
<i>LB High Yield 2% Issuer Constrained Index</i>				-8.56%	-8.56%	-1.75%	4.48%	N/A
Mezzanine Debt								
Goldman Sachs 2006 Fund	2,417,512	0.1%	0.1%	-6.02%	-6.02%	-3.89%	N/A	N/A
Goldman Sachs Fund V	3,824,019	0.2%	0.2%	2.67%	2.67%	N/A	N/A	N/A
TCW	6,740,656	0.4%	0.4%	2.02%	2.02%	7.26%	N/A	N/A
Total Mezzanine Debt	12,982,187	0.8%	0.8%	0.60%	0.60%	0.49%	N/A	N/A
<i>LB High Yield 2% Issuer Constrained Index</i>				-8.56%	-8.56%	-1.75%		
Distressed Mortgages								
PIMCO	6,053,457	0.4%	0.4%	0.96%	0.96%	N/A	N/A	N/A
Declaration Management	1,483,305	0.1%	0.1%	-3.65%	-3.65%	N/A	N/A	N/A
Total Distressed Mortgages	7,536,762	0.5%	0.5%	0.02%	0.02%	N/A	N/A	N/A
<i>LB High Yield 2% Issuer Constrained Index</i>				-8.56%	-8.56%			
TOTAL HIGH YIELD BONDS	95,349,592	5.8%	5.0%	-7.92%	-7.92%	-4.27%	3.82%	6.32%
<i>LB High Yield 2% Issuer Constrained Index</i>				-8.56%	-8.56%	-1.75%	4.48%	6.88%
INTERNATIONAL FIXED INCOME								
International Sovereign								
UBS Global (Brinson)	42,184,742	2.5%	2.5%	-4.51%	-4.51%	17.24%	5.56%	6.49%
<i>Citigroup Non-US Gov't Bond Index (5)</i>				-4.25%	-4.25%	18.73%	6.63%	7.04%
International Core								
Brandywine	44,025,476	2.7%	2.5%	-5.68%	-5.68%	10.78%	7.06%	8.51%
<i>Lehman Global Aggregate (ex-US)</i>				-5.90%	-5.90%	16.53%	7.88%	7.38%
TOTAL INTERNATIONAL FIXED INCOME	86,210,218	5.2%	5.0%	-5.11%	-5.11%	13.90%	6.31%	7.50%
<i>Citigroup Non-US Gov't Bond Index (5)</i>				-4.25%	-4.25%	18.73%	6.66%	7.06%
REAL ESTATE								
INVESCO - Core	51,235,074			0.63%	0.63%	8.27%	15.34%	14.88%
INVESCO - Fund II	982,659			-1.85%	-1.85%	N/A	N/A	N/A
J.P. Morgan Strategic & Special Funds	47,296,456			-1.95%	-1.95%	5.69%	15.27%	15.26%
J.P. Morgan Alternative Property Fund	12,921,891			-0.60%	-0.60%	4.59%	N/A	N/A
J.P. Morgan Greater China Property Fund	1,396,137			-5.24%	-5.24%	N/A	N/A	N/A
TOTAL REAL ESTATE	113,832,218	6.9%	5.0%	-0.72%	-0.72%	6.31%	14.44%	14.53%
<i>NCREIF TOTAL INDEX</i>				-0.17%	-0.17%	9.20%	14.82%	14.63%

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2008**

	September-08				Current	Prior Year	3 Years	5 Years
	Allocation		Quarter		Fiscal YTD	FY08	Ended	Ended
	Market Value	Actual	Policy	Net ROR	Net ROR	Net ROR	6/30/2008	6/30/2008
ALTERNATIVE INVESTMENTS								
Brinson IVCF II	5,751			0.00%	0.00%	19.90%	24.67%	18.47%
Coral Partners II	13,582			0.00%	0.00%	-58.58%	-24.59%	-13.12%
Coral Partners V	4,189,910			0.00%	0.00%	9.09%	5.22%	-8.23%
Coral Partners V - Supplemental	489,332			10.51%	10.51%	-6.34%	3.94%	6.41%
Coral Momentum Fund (Formerly Fund VI)	8,033,211			-4.97%	-4.97%	13.96%	-3.63%	-7.09%
Brinson 1998 Partnership Fund	478,145			-3.84%	-3.84%	6.92%	17.74%	16.40%
Brinson 1999 Partnership Fund	1,469,163			-2.15%	-2.15%	13.32%	15.81%	14.25%
Brinson 2000 Partnership Fund	4,681,029			-10.02%	-10.02%	21.82%	21.03%	17.78%
Brinson 2001 Partnership Fund	4,192,730			-1.08%	-1.08%	2.23%	12.37%	9.49%
Brinson 2002 Partnership Fund	2,064,449			-5.82%	-5.82%	3.20%	14.93%	10.72%
Brinson 2003 Partnership Fund	808,421			2.40%	2.40%	-6.42%	16.42%	8.89%
Total Brinson Partnership Funds	13,693,936			-4.98%	-4.98%	13.85%	17.75%	14.80%
Brinson 1999 Non-US Partnership Fund	704,644			-1.11%	-1.11%	-9.78%	38.86%	33.76%
Brinson 2000 Non-US Partnership Fund	1,569,223			-3.21%	-3.21%	27.03%	38.56%	28.82%
Brinson 2001 Non-US Partnership Fund	1,073,451			-8.05%	-8.05%	13.44%	15.89%	14.66%
Brinson 2002 Non-US Partnership Fund	2,810,125			-5.05%	-5.05%	14.08%	43.86%	31.81%
Brinson 2003 Non-US Partnership Fund	2,415,254			3.32%	3.32%	24.92%	42.47%	23.29%
Brinson 2004 Non-US Partnership Fund	1,165,445			-4.17%	-4.17%	29.16%	25.88%	N/A
Total Brinson Non-US Partnership Fund	9,738,141			-2.76%	-2.76%	18.83%	37.12%	28.34%
Adams Street 2008 Non-US Partnership Fd	237,802			-3.86%	-3.86%	N/A	N/A	N/A
Brinson BVCF IV	7,546,287			7.08%	7.08%	-1.94%	7.62%	9.88%
Adams Street Direct Co-investment Fund	8,301,334			-3.78%	-3.78%	4.06%	N/A	N/A
Matlin Patterson Global Opportunities	2,798,296			-27.00%	-27.00%	-29.56%	-11.62%	9.60%
Matlin Patterson Global Opportunities II	14,550,284			-10.56%	-10.56%	-5.55%	8.69%	N/A
Matlin Patterson Global Opportunities III	8,148,054			1.13%	1.13%	-20.02%	N/A	N/A
InvestAmerica	3,657,499			0.00%	0.00%	27.36%	13.22%	1.67%
Hearthstone MSII	0			-100.00%	-100.00%	-62.01%	-100.00%	-100.00%
Hearthstone MSIII	481,316			-33.76%	-33.76%	-10.75%	63.82%	N/A
Corsair III	6,402,263			-6.63%	-6.63%	64.04%	N/A	N/A
Corsair III - ND Investors LLC	4,892,479			0.00%	0.00%	N/A	N/A	N/A
Quantum Resources	116,027			-91.16%	-91.16%	-52.44%	N/A	N/A
Quantum Energy Partners	1,438,400			-0.52%	-0.52%	-3.17%	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (6)	94,733,904	5.7%	5.0%	-5.93%	-5.93%	4.50%	10.69%	10.42%
CASH EQUIVALENTS								
Northern Trust STIF	4,737,359			0.49%	0.49%	0.70%	3.40%	2.76%
Bank of ND	7,708,185			N/A	N/A	N/A	N/A	N/A
TOTAL CASH EQUIVALENTS	12,445,544	0.8%	1.0%	0.48%	0.48%	0.70%	3.40%	2.76%
90 Day T-Bill				0.63%	0.63%	3.63%	4.27%	3.18%
TOTAL FUND	1,655,541,954	100.0%	100.0%	-8.38%	-8.38%	-5.60%	7.94%	10.85%
POLICY TARGET BENCHMARK				-6.80%	-6.80%	-3.69%	7.27%	9.38%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) TCW was terminated on September 22, 2006. The portfolio was transferred to Calamos on October 5, 2006.

(3) Prior to January 1, 2005, the benchmark was the First Boston Convertible Index.

(4) Prior to June 1, 2006, the Toredos properties were under the management of RMK.

(5) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(6) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual c